



ISSUE BRIEF

FROM AID TO IMPACT

MICROSAVINGS:

Pathway to Financial Opportunities for Women

In 1991, in a village in southern Niger, CARE developed a way to harness an ancient African practice of group savings where community members pooled together their money and created a sustainable system of microfinance. CARE's savings-led approach, called Village Savings and Loan Associations (VSLA), empowers women living on less than \$2 a day to collectively save pennies each week. These savings help to start small businesses, pay for emergency needs and lift families and communities out of poverty. For many, participation in a VSLA is the first step up the economic ladder.

CARE's twenty years of experience proves that access to financial services for women—also known as financial inclusion—has far-reaching benefits to families and communities. Economically empowered women have enhanced land and property rights, better job opportunities, improved wages and healthier families.

CARE has made a strategic investment in increasing access to savings-led financial services in Africa, where only 10 percent of people currently have access to banks and financial services. And, in many African countries, women in particular do not have access. CARE is working to remove some of these barriers and create ways to empower women through economic opportunities.

54,000 Village Savings and Loans Associations have been launched by CARE in 21 African countries, serving more than 1.9 million members, nearly all of them women.

The United States can play a leadership role in encouraging governments in developing countries to include women in financial policies and economic opportunities. Policies promoting the economic empowerment of women will create a pathway to financial inclusion.

CARE provides more Africans access to financial services than any other international organization through Village Savings and Loan Associations (VLSA)



VSLAs are a pathway to help ensure that women and other marginalized populations gain access to broader financial services.



These policies include:

- **Ensuring that U.S. government funds reach the poorest of the poor** and focus funding in areas where the need for financial services are the greatest.
- **Offering a full suite of financial services** – with a special emphasis on savings, as well as credit and other financial services – targeted to the most poor and vulnerable populations.
- **Supporting organizations that focus on providing women access** to economic opportunities through savings and asset building approaches.

Issue in Focus

Most Africans live on less than \$2 a day and lack access to any formal banking services. As a result, sub-Saharan Africa has less people utilizing banks and financial institutions than any other region of the world. CARE has found that VSLA can be transformative, enabling women to form their own, sustainable savings circles.

VSLA members receive a year of intensive training in money management. By using their own savings to meet basic household needs, like food and supplies, they avoid incurring debt. CARE's experience shows that when VSLA members have stabilized their household cash flow and are meeting basic needs, they are then prepared to take small loans from the VSLA to finance small businesses or income generating activities. Our quarterly analysis of our VSLA programs shows loan repayment rates exceed 99 percent. VSLAs are a pathway to help ensure that women and other marginalized populations gain access to broader financial services.

From pooling pennies each week through VSLA programs to saving hundreds of dollars each year, women are helping themselves and their families break out of extreme poverty. Economic opportunities for women transform the vicious cycle of poverty into a virtuous cycle of rising income, improved health, better education and greater participation in their communities and nations.



CARE's VSLA program was launched in 1991 in Niger, where today nearly 200,000 women have collectively amassed \$14 million in savings.



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